4. The year that is passing has been financially a prosperous one on the whole. Expansion of trade and increased business activities to which reference has already been made and the larger purchasing power of the people have resulted in better revenue receipts under Customs, Stamps, Registration and Excise. The rise in prices has, on the contrary, contributed to a very large increase on the expenditure side. In the first place, the Government have had to sanction a scarcity allowance to their low paid servants at an annual cost of nearly Rs. 5 lakhs and larger allotments have had to be made to the various spending Departments like Stationery, Devaswoms and State Charities for the usual services, while the return for the expenditure in the P. W. D. has been less than it would have been but for the high cost of materials and labour.

Revised Estimates of 1095.

5. I shall now place before you a more detailed review of our financial operations during 1095. The Revised Estimate of 1095 places the Revenue at Rs. 1,82,89,500 or Rs. 7,66,100 better than the Budget for the year. Ordinary expenditure has also increased from Rs. 1,69,07,600 to Rs. 1,73,19,000 or by Rs. 4,11,400. There has been a decrease of Rs. 86,600 under Capital Expenditure not charged to revenue. The net result is that our revised surplus shows an improvement to the extent of Rs. 4,41,300 over the estimated surplus. For the details of the various fluctuations which have contributed to this result, I would refer you to the Account Officer's Memorandum which has already been furnished to you and I shall only deal with the more important variations on either side of the Budget.

6. *Revenue.* As regards Revenue, the improvement over the Budget has occurred under Land Revenue, Excise, Customs, Stamps, Registration and Railways. Two causes have contributed mainly to the increase under Land Revenue. An increase of about Rs. two lakhs is contributed by the sale of Government lands, as the disposal of Government puduval lands is being accelerated through the agency of special staff employed for the purpose. An increase of nearly half a lakh of rupees is expected from the disposal of Government paddy. This paddy is supplied to Devaswoms and is also used for the disbursement of family pensions fixed in paddy and its value at the current market rate is credited to Land Revenue and charged to the Departments concerned. As regards Excise, the increase has been mainly the outcome of increased consumption, owing evidently to the general prosperity of the people. The increase of nearly three-fourths of a lakh of rupees under Customs is no doubt the result of the revival of trade. Expansion of trade and increased business activities have been responsible for the very large increases under General Stamps and Registration. In regard to Railway earnings, the Government did not estimate any revenue for 1095 for fear that the favourable results of 1094 might not be repeated in 1095, but I am glad to say that this fear has been proved to be groundless. We have already received from the Railway administration a sum of Rs. 1,54,700 as the net revenue from the working of our line for the year ended 31st March 1920. Against these increases, Salt and Education show a substantial falling off. The decrease under Salt revenue is due to the reduction in the output and sale of local salt owing to seasonal conditions. As regards Education, the Budget of 1095 provided for a large increase in Fee receipts. There has no doubt been a slight increase under Fees in English Schools over the receipts of 1094; but, the receipts from the Higher Grade Vernacular Schools are about Rs. 60,000 less than the Budget figure and about one-fourth of a lakh of rupees less than the receipts of 1094. This is explained by the fact that there has been a considerable falling off in the attendance at the higher classes of the Vernacular Schools, due in a large measure to the insufficiency of prospects offered by vernacular education and the growing demand for English education.

7. *Expenditure.* Our ordinary expenditure will be Rs. one crore and seventy three lakhs against our estimated total of Rs. one crore and sixty nine lakhs; the largest increases occur in the Stationery, Devaswom and P. W. Departments. A sum of Rs. one lakh was sanctioned additionally for the Stationery Department to clear off the arrears due to the Stationery contractor. The increase of over Rs. 2½ lakhs under Devaswoms is due to the prevailing high price of paddy. For the P. W. D. nearly Rs. 2½ lakhs have been additionally given, partly for expenditure on urgent works and repairs of flood damages and partly on account of the inadequacy of the original budget provision. On the contrary, a saving of nearly Rs. 1½ lakhs is anticipated under expenditure on departmental timber extraction.

As our Railway has brought in a net revenue, the entire amount of Rs. one lakh provided to meet the interest on the loan raised for the construction of the Shencottah-Quilon Line has been saved. Similarly, the provision of half a lakh made under Profit or Loss on investments has not been utilised as the Government have hardly had any need.

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to overdraw their current account at the Bank of Madras. Under Capital Outlay not charged to Revenue, we had estimated an expenditure of Rs. 4,68,300 for purchase of rolling stock and for the extension of the Railway line to the Valiathurai Pier. The Actuals are expected to be Rs. 86,600 less.

BUDGET ESTIMATES OF 1096.

8. Our Budget anticipations for the ensuing year are of course based on the assumption that normal trade and seasonal conditions will prevail and that there will be no serious set-back in general prosperity. Before dealing with the figures, however, I should like to tell you that the Government have made the following modifications therein since the circulation of the printed Draft Budget.

Receipts. i. Owing to the much larger rentals realised in the recent Abkari auction sales, the estimated revenue under License fee and duty on country liquor, toddy, etc., has been raised from Rs. 21 lakhs to Rs. 22½ lakhs.

ii. The receipts under interest have been increased by a sum of Rs. 25,800, since the investment of B. Rs. fifteen lakhs in the Government of India War Bonds of 1920 has now been decided to be converted into the new 1930 Bonds bearing interest at 6% per annum instead of being withdrawn as originally proposed.

Expenditure. i. A sum of Rs. 1,000 has been additionally provided under '2. Salt Factories—Maintenance of channels', in connection with the opening of the Bar near the Manakkudi Lake.

ii. The recent revision of the pay of the Superintendents and the Higher Grade Second Class Clerks in the Huzur Secretariat has necessitated an addition of Rs. 900 to establishment charges.

iii. A sum of Rs. 15,778 has been additionally provided under '18. Medical and Sanitary—Hospitals and Dispensaries', for the construction of a dispensary at Chavara.

iv. The allotment under '22. P. W. D.—Works—Communications, Original', has been raised by a sum of Rs. one lakh.

v. A temporary Anchal Office having been sanctioned to be opened at Vettikkavala, a sum of Rs. 216 has been provided on account of the establishment charges.

With these modifications, the total revenue of the year is estimated at Rs. 1,85,52,600 and the total expenditure at Rs. 1,83,32,800 leaving a surplus of Rs. 2,19,800. The estimate for Capital Works not charged to Revenue is Rs. 40,700. This gives a net surplus of Rs. 1,79,100, which I believe you will agree with me is not an excessive surplus for a total revenue of nearly two crores.

Revenue.

9. The Budget for Revenue generally follows the Revised Estimates. An increase of over Rs. 3½ lakhs is estimated under Abkari in view mainly of the very large rentals realised in the recent Abkari auction sales. There is only one other item of Revenue showing a substantial increase, *viz.*, Forests, where departmental operations are proposed to be extended, and we are accordingly estimating for an increase of about three-fourths of a lakh under that head over the Revised Estimate for 1095. Under Land Revenue a reduction of revenue is anticipated amounting to nearly Rs. one lakh. Sale of Government lands must diminish in volume as time goes on, and this mainly accounts for the estimated fall under this head.

Expenditure.

10. The expenditure provided for the year is the highest yet proposed. The Budget of 1095 was itself over Rs. nine lakhs in excess of that of the previous year. For 1096 the Budget is again about Rs. ten lakhs over the Revised Estimate for 1095. This may seem a large increase to make, but I would assure the Council that the Budget has been carefully framed by the Government and that this is the minimum sum required, under existing conditions, for the efficient working of the various Departments. It must be remembered that we are living in progressive times and that if we have to keep abreast of the times and provide for a progressive administration we must face an increasing expenditure. Even this larger provision the Government feel is not fully adequate to meet the growing needs of the administration and the situation created by high prices. They feel, for instance, that they should do something to relieve the hard lot of the low-paid Government servants to whom relief has not yet been given, that the P. W. D. should be enabled to spend more on communications and urgent buildings, that the Departments of Industries and Agriculture should be further developed, and that certain services should be reorganised to promote efficiency; and they are determined to devote more money for these purposes should they fortunately find themselves financially in a position to do so. At the same time, the

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